



Lesson Twelve

Forms of Taxation & Their Uses

Introduction:

This lesson will introduce students to the concept of taxes as money supplied to the local, state, and federal government.

Objectives:

- Where does tax money go? Who does it affect? How does it affect people?
- To explain why we pay taxes.
- To describe different types of taxes.

Suggested Materials/Speakers:

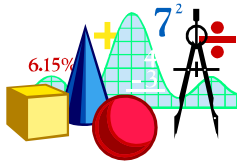
- *Totally Awesome Money Book for Kids* by Andrian G. Berg and Arthur Berg Bochner
- Invite your local state senator, representative, town manager, selectman or mayor to be a guest speaker.
- Invite a local accountant to explain taxes and tax returns.

Suggested Activities/Homework:

Creative Arts



- Bring in newspaper or magazine articles about taxes.
- Interview family members to see what taxes they pay. Are there taxes they feel are too high?



Math

- Choose a career and a salary. How much will you have to pay in taxes, and how will it affect your budget for the year?



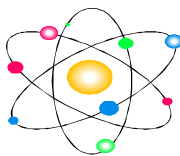
Language Arts

- Discuss why paying taxes is important.
- Write a story about a "Taxpayer" and his neighbor "Bah - I won't pay!" Illustrate your story.
- As a taxpayer, write a letter to the governor explaining why taxes need to be raised or lowered and why.



Social Studies

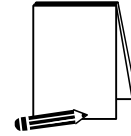
- Research the phrase "taxation without representation." What does it mean?
- List the different types of taxes people pay and what services are provided by those taxes. Use your research to provide information for the math and creative arts activities described above.
- Research and compare taxes in different states. Do all states have the same taxes?



Science

- What kinds of science programs receive tax money? (for example, NASA, Medical Research, Department of Defense)

Attachments



- *Forms of Taxation and Their Uses:* Lesson Material, Glossary and Web Sites
- *Taxes:* Activity to name and describe three types of taxes

FORMS OF TAXATION AND THEIR USES

Why do we pay taxes?

All forms of government provide services that cost money. People who work for the federal, state, and local government have to be paid. Fuel to run police cars and snowplows to clear roads are examples of products the government purchases.

Are you wondering where this money comes from? It comes from taxes. In order for the government to provide these services, citizens must pay taxes.

For example, "Family A" earns \$30,000 a year and "Family B" earns \$50,000 a year. Who do you think is required to pay more taxes? Why?

One of the most common taxes is the **income tax**. **Income is money that is earned. Money can be earned by receiving a salary or through interest and investments.** People are taxed on their income according to how much they earn. At the end of the year, citizens are required to file a tax return to determine the amount of tax they must pay the government.

Another type of tax you may be familiar with is the **sales tax**. **The sales tax is placed on goods that are purchased by the public.** For example, have you ever bought something such as a Nintendo game and wondered why the price tag said \$20.00, but when you got to the cash register the salesperson asked for \$21.00? The extra dollar is sales tax, which is 5% in the state of Massachusetts.

You may wonder what happens to that extra money. Among other things it helps the government pay for essential services such as roads, schools, bridges, police, fire protection, etc.

Other types of taxes include real estate taxes. They help to support the public school system, police and fire protection, water, roads, and sewers.

GLOSSARY

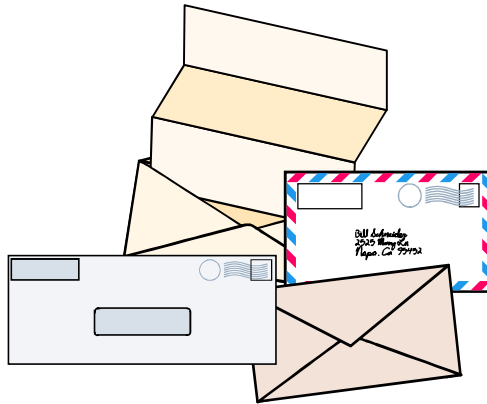


Tax	A charge of money imposed by the government on people or businesses in order to provide essential public services.
Income	Money that people earn.
Income Tax	A government tax on a person's or a corporation's income.
Real Estate Tax	A tax on a person who owns property.
Sales Tax	A tax placed on goods that are purchased by the public.
Tax Return	A formal written statement from a person showing his/her taxable income.

RELATED WEB SITES

Web Site	Topic
http://www.irs.ustreas.gov/	Internal Revenue Service Website
http://www.taxanalysts.com/www/web site.nsf/Web/CoolStuff?OpenDocument	Tax games and information

TAXES



Name and describe three types of taxes.

1. _____

2. _____

3. _____
